

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

BOYNTON BEACH GENERAL
EMPLOYEES' PENSION PLAN, on behalf of
itself and all others similarly situated,

Plaintiff,

v.

DENTSPLY SIRONA, INC., JEFFREY T.
SLOVIN, BRET W. WISE, DONALD
M. CASEY, CHRISTOPHER T. CLARK,
JAMES G. MOSCH, ULRICH MICHEL,
NICHOLAS W. ALEXOS, MICHAEL C.
ALFANO, ERIC K. BRANDT, PAULA H.
CHOLMONDELEY, MICHAEL J. COLEMAN,
WILLIE A. DEESE, WILLIAM F. HECHT,
FRANCIS J. LUNGER, JOHN L. MICLOT,
AND JOHN C. MILES II,

Defendants.

Civ. A. No.

CLASS ACTION

**COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS**

JURY TRIAL DEMANDED

ECF CASE

Plaintiff Boynton Beach General Employees' Pension Plan ("Plaintiff"), by and through its counsel, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, *inter alia*, counsel's investigation, which includes review and analysis of: (a) regulatory filings made by Dentsply International, Inc. ("Dentsply Intl.") and its successor-in-interest Dentsply Sirona, Inc. (together, "Dentsply Sirona" or the "Company") with the United States Securities and Exchange Commission ("SEC"); (b) press releases and media reports issued by and disseminated by the Company; (c) analyst reports concerning the Company; (d) transcripts of Dentsply Sirona's investor conference calls; (e) pleadings and evidence cited in the enforcement action brought by the Federal Trade Commission against the Company's distribution partners, as

well as in other litigation involving Dentsply Sirona; and (g) other public information regarding the Company.

I. INTRODUCTION

1. Plaintiff brings this federal securities class action (the “Action”) against Dentsply Sirona and certain of the Company’s senior executives and directors (collectively, “Defendants”) pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), and SEC Rule 10b-5 promulgated thereunder, on behalf of all investors who purchased Dentsply Sirona’s common stock between February 20, 2014 and August 7, 2018, inclusive (the “Class Period”). Plaintiff also brings claims pursuant to Section 14(a) of the Exchange Act, and SEC Rule 14a-9 promulgated thereunder, on behalf of Dentsply Intl. shareholders who held shares as of the record date of December 2, 2015 and were entitled to vote with respect to Dentsply Intl.’s acquisition of Sirona Dental Systems, Inc. (“Sirona”) on or about February 29, 2016 (the “Acquisition”). Plaintiff also brings claims pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the “Securities Act”) on behalf of all persons who purchased or otherwise acquired the common stock of Dentsply Sirona in exchange for their shares of the common stock of Sirona in connection with the Acquisition.

2. Dentsply Sirona is the world’s largest manufacturer of professional dental products. For years, Dentsply Sirona has dominated the dental “consumables” and technology market by developing, manufacturing and marketing an array of professional dental products and equipment. During the Class Period, the Company reported its results in two business segments: Dental and Healthcare Consumables, which include preventative, instruments, and laboratory dental products like root canal instruments, dental sealants, and tooth whiteners, and Technologies, which include high-tech dental implants and related scanning equipment and treatment software, among other

things. In February 2016, Dentsply Intl. completed a \$5.5 billion stock-for-stock acquisition of Sirona. Defendants represented that the Acquisition would enable Dentsply Intl. to expand its footprint in the dental equipment market, including by gaining the ability to market higher-priced, higher-margin products. The merged company was rebranded Dentsply Sirona.

3. The majority of professional dental products sold in the U.S. are through third-party distributors, and the three largest distributors of dental products—Henry Schein, Inc. (“Schein”), Patterson Companies, Inc. (“Patterson”) and Benco Dental Supply Co. (“Benco”) (together, the “Distributors”—account for 80% to 85% of all dental market sales.

4. For nearly a decade, the Distributors secretly carried out a nationwide conspiracy in which they agreed not to compete on price on dental consumable and equipment products sold in the U.S. This concerted and successful antitrust scheme reduced competition in the dental supply market and artificially inflated the sales price of dental supplies. The scheme not only benefited the Distributors, but also Dentsply Sirona. In fact, Defendants knew throughout the Class Period that Dentsply Sirona depended upon the scheme’s success in order to meet the quarterly financial results it promised Wall Street.

5. In addition, until September 2017, Dentsply Sirona had long enjoyed an exclusive distribution agreement with Patterson for U.S. sales of its equipment and technology products, which helped the Company maintain its dominant position in the U.S. dental supply market and contributed to the Company’s goodwill valuations. However, unknown to investors, this exclusive distribution agreement required Patterson to regularly make large minimum purchases regardless of demand. By late 2015, Patterson had been supplied with so much excess inventory through that exclusive relationship that the inventory could not be sold. Indeed, Patterson had purchased so

much excess inventory that it would likely take roughly a year for Patterson to sell down enough of its existing inventory before it would make economic sense to purchase more product.

6. Defendants concealed these highly material facts. In numerous SEC filings and public statements, including the registration statement and joint proxy statement/prospectus issued in connection with the Acquisition, Defendants misrepresented and/or failed to disclose: (i) the illicit anticompetitive scheme perpetrated by the Distributors, its impact on the Company's financial performance, and the risks posed to Dentsply Sirona's revenues and margins; and (ii) the massive build-up of inventory at Patterson that threatened the Company's ability to maintain (let alone increase) its sales of key product lines, and that made it all but certain that the then-existing exclusive distribution relationship with Patterson would be terminated.

7. Instead, Defendants falsely told investors that the Company's financial results were the result of benign factors, including customer demand in the "highly competitive" dental and medical supplies market. For example, Dentsply Sirona claimed that its competitive advantage in the U.S. market was driven by "innovation," "operational improvement efforts," "new products," and "continued investments in sales and marketing," and that the market for its dental products was "highly competitive." Further, Defendants represented that over half of the Company's reported assets consisted of goodwill, totaling over \$6 billion following the Sirona acquisition, that was calculated in accordance with generally accepted accounting principles (GAAP).

8. These statements were materially false and misleading. In reality, Dentsply Sirona's financial results were inflated by outsized sales and profit margins generated by the illicit conspiracy among the Company's three largest distributors. Not only were Dentsply Sirona's financial results driven by these illegal practices, and therefore unsustainable, but the Company had stuffed the channel by selling excess product to Patterson, which rendered the Company's

reported sales and financial results and guidance materially false and misleading. In truth, during the Class Period, Defendants knew that Dentsply Sirona sales would be materially depressed for the foreseeable future because Patterson had amassed nearly a year's worth of excess inventory.

9. Investors began to learn the truth regarding Dentsply Sirona's financial condition through a series of corrective disclosures. First, on August 9, 2017, Dentsply Sirona disclosed that the SEC had opened an investigation into the "Company's accounting and disclosures, including its accounting and disclosures relating to transactions with a significant distributor of the Company." In addition, Dentsply Sirona reported second quarter 2017 earnings that missed the lowest analyst estimates, cut its full-year guidance by over 5%, and recorded a non-cash goodwill impairment charge of \$1.2 billion as a result of an "increase in competition" and the resulting impact on revenues and margins. In response to these disclosures, Dentsply Sirona's share price fell \$5.18, or 8.4%, declining from \$61.41 per share on August 8, 2017 to close at \$56.23 per share on August 9, 2017.

10. Then, on October 2, 2017, Dentsply Sirona unexpectedly announced the departure of its three top executives, Defendants CEO Jeffrey Slovin, COO Christopher Clark, and Executive Chairman Bret Wise. On this news, Dentsply Sirona shares fell another \$3.48, or 5.8%, declining from \$59.81 per share on September 29, 2017 to close at \$56.33 per share on October 2, 2017.

11. On May 6, 2018, Dentsply Sirona disclosed additional information revealing the impact of the antitrust conspiracy on the Company's financial results, reporting that organic revenue growth for the first quarter of 2018 was down 1.4%, driven largely by a 7.6% decline in the U.S. market. Dentsply Sirona also reported that on a segment basis, consumables declined 1.3% year-over-year, while equipment declined 1.6% year-over-year. As a result, the Company announced that it was reducing its 2018 guidance by \$0.15 per share for the second time in nine

months. In response to these disclosures, Dentsply Sirona's stock price fell \$5.52, or 11%, over the next two trading days, declining from \$49.99 per share on May 4, 2018 to close at \$44.47 per share on May 8, 2018.

12. Last, on August 7, 2018, Dentsply Sirona announced another goodwill impairment charge of \$1.265 billion and cut full year earnings guidance by approximately 20% due to continued significant destocking of product by its partner dealers. On this news, Dentsply Sirona shares declined \$9.03, or 18.6%, to close at \$39.41 on August 7, 2018, its lowest price in over five years.

13. All told, following disclosures of the fraud, Dentsply Sirona's stock price declined by over 45% from its Class Period high.

II. JURISDICTION AND VENUE

14. The claims asserted herein arise pursuant to Sections 10(b), 14(a) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b), 78n(a), and 78t(a)), and SEC Rules 10b-5 and 14a-9 promulgated thereunder (17 C.F.R. §§ 240.10b-5 and 240.14a-9), and Sections 11, 12(a)(2), and 15 of the Securities Act (15 U.S.C. §§ 77k, 77l, and 77o).

15. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1337, Section 27 of the Exchange Act (15 U.S.C. § 78aa), and Section 22 of the Securities Act (15 U.S.C. § 77v).

16. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b), Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)), and Section 22 of the Securities Act (15 U.S.C. § 77v(a)), because Dentsply Sirona maintains offices in this District and many of the acts giving rise to the violations complained of herein, including the preparation and dissemination of materially false and misleading statements, occurred in substantial part in this District.

17. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to the mails, interstate telephone communications, and the facilities of the national securities markets.

III. PARTIES

18. Plaintiff Boynton Beach General Employees' Pension Plan, based in Florida, is a defined benefit pension plan for general employees, other than police officers and firefighters, of the Boynton Beach. Currently, Plaintiff manages approximately \$150 million in assets on behalf of approximately 800 participants. As set forth in the attached certification, Plaintiff purchased shares of Dentsply Sirona stock during the Class Period and suffered damages as a result of the violations of the federal securities laws alleged herein.

19. Defendant Dentsply Sirona is a Delaware corporation headquartered in York, Pennsylvania, that designs, develops, manufactures and markets dental products and services for use by dentists. Dentsply Sirona is effectively the successor-in-interest to Dentsply Intl. and resulted from the merger of Dentsply Intl. and Sirona pursuant to the Acquisition.

20. Defendant Jeffrey T. Slovin ("Slovin") was, at the time of the Acquisition, the President and CEO of Sirona, and became CEO and a member of the Board of Directors of Dentsply Sirona in connection with and immediately following the Acquisition. Previously, Slovin had served as Sirona's CEO from February 2013 through February 2016, and as its President from September 20, 2010 through February 28, 2016. Slovin's resignation from all of his positions at Dentsply Sirona was announced on October 2, 2017.

21. Defendant Bret W. Wise ("Wise") was, at the time of the Acquisition, Dentsply Intl.'s CEO and Chairman of its board and became the Chairman of the board of Dentsply Sirona

in connection with and immediately following the Acquisition. Previously, Wise had served as a member of Dentsply Intl.’s board since 2006, as its Chairman since 2007, and as Dentsply Intl.’s CEO since January 1, 2007. Wise’s resignation from all of his roles at Dentsply Sirona was announced on October 2, 2017.

22. Defendant Christopher T. Clark (“Clark”) was, at the time of the Acquisition, the President and Chief Financial Officer CFO of Dentsply Intl. and became the President and COO – Technology of Dentsply Sirona in connection with and immediately after the Acquisition. Previously, Clark had held the role of President and CFO of Dentsply Intl. since April 2013. Clark’s resignation from all of his roles at Dentsply Sirona was announced on October 2, 2017.

23. Defendant Donald M. Casey (“Casey”) is the current CEO of Dentsply Sirona. Casey is also a member of Dentsply Sirona’s board of directors. Casey has served in these roles since February 12, 2018.

24. Defendant James G. Mosch (“Mosch”) was, at the time of the Acquisition, the COO of Dentsply Intl., and became the President and COO – Dental and Healthcare Consumables of Dentsply Sirona in connection with and immediately after the Acquisition. Previously, Mosch served as COO of Dentsply Intl. since April 2013. Mosch’s resignation from all of his roles at Dentsply Sirona was announced on February 10, 2017, effective as of June 30, 2017.

25. Defendant Ulrich Michel (“Michel”) was, at the time of the Acquisition, the CFO of Sirona, and became CFO of Dentsply Sirona in connection with and immediately following the Acquisition. Previously, Michel had served as Sirona’s CFO since October 2013. Michel’s resignation from all of his roles at Dentsply Sirona was announced on November 2, 2017, effective as of November 10, 2017.

26. Defendant Nicholas W. Alexos (“Alexos”) is the current CFO of Dentsply Sirona. Alexos has served in this role since November 10, 2017.

27. Defendants Michael C. Alfano, Eric K. Brandt, Paula H. Cholmondeley, Michael J. Coleman, Willie A. Deese, William F. Hecht, Francis J. Lunger, John L. Miclot, and John C. Miles II were members of the Dentsply Intl. board of directors who signed the Registration Statement (defined below), and are collectively referred to herein as the “Dentsply Director Defendants.”

28. The individual defendants identified in paragraphs 20 through 27 above are collectively referred to herein as the “Individual Defendants.”

29. Defendants Slovin, Wise and Clark are collectively referred to herein as the “Officer Defendants.” The Officer Defendants, because of their positions with Company, possessed the power and authority to control the contents of Dentsply Sirona’s reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors. The Officer Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their position and access to material non-public information available to him, the Officer Defendants knew that the adverse facts and omissions specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations and omissions which were being made were then materially false and/or misleading.

IV. BACKGROUND

30. Dentsply Sirona is the world’s largest manufacturer of professional dental products. Based in Pennsylvania, Dentsply Sirona develops, manufactures and markets an array of

professional dental products and equipment. For years, Dentsply Sirona has dominated the dental “consumables” market, which includes dental office supplies and treatment products such as gloves, bibs, composites, impression material, and sterilization and prevention products.

31. In February 2016, Dentsply Intl. completed a \$5.5 billion stock-for-stock acquisition of Sirona. The “merger of equals” enabled Dentsply Intl. to expand its footprint in the dental equipment market, including by marketing higher-priced, higher-margin products such as x-ray machines, dental chairs, imaging equipment, and computer-aided design and manufacturing (CAD/CAM) systems. The merged company was rebranded Dentsply Sirona.

32. The market for dental products in the United States amounts to at least \$10 billion in annual sales, and approximately one-third of Dentsply Sirona’s worldwide revenues are derived from the U.S. market. Unlike in most other countries, the majority of professional dental products sold in the U.S. are through third-party distributors. The three leading third-party distributors – Schein, Patterson and Benco – claim to offer the approximately 200,000 dentists practicing in the U.S. a broad range of professional dental products, allow dentists to centralize all of their purchases and billing through one entity, and provide expanded support services. These leading distributors typically charge higher prices than rival mail-order and internet distributors, which proceeds they sometimes pass along to manufacturers in exchange for exclusivity over a given product or region. Together, these distributors control about 80% to 85% of the sale of all dental products and services through U.S. distributors, and over 60% of the sale of dental products and services through all sales channels. With sales and service centers throughout the nation, Schein, Patterson, and Benco are not only the largest distributors of professional dental products, they are also the only full-service distributors available to dental practices in many regions. These three companies have

substantial market power in most, or all, of every major dental product and regional market in the United States.

33. For years, the substantial majority of Dentsply Sirona’s U.S. sales have been through these three full-service distributors. Indeed, these three companies have historically accounted for 80-90% of Dentsply Sirona’s U.S. consumable sales and, since the Dentsply-Sirona merger, a substantial portion of the Company’s technology and equipment sales. Moreover, until September 2017, Sirona had long enjoyed exclusive distribution agreements with Patterson for U.S. sales of its equipment and technology products (together, the “Exclusive Agreements”). These Exclusive Agreements carried over to Dentsply Sirona on completion of the Acquisition, helped the Company maintain its dominant position in the U.S. dental supply market, and contributed to the Company’s goodwill valuations.

V. DENTSPLY SIRONA MISLEADS INVESTORS ABOUT ITS PARTICIPATION IN AND THE IMPACT OF A NATIONWIDE ANTITRUST CONSPIRACY

34. Throughout the Class Period, Dentsply Sirona misled investors about the true drivers of its reported financial results. For nearly a decade, Dentsply Sirona’s reported financial results were buoyed by the Distributors’ nationwide conspiracy in which they agreed not to compete on price on dental consumable and equipment products sold in the U.S. Specifically, from as early as 2008 through at least 2016, the Distributors agreed to refuse to offer discounted prices or otherwise negotiate with buying groups seeking to obtain supply agreements on behalf of dental practices. This conspiracy sought to prevent new entrants from competing in the dental supply market, enable the conspirators to charge supra-competitive prices for their products, and resulted in artificially inflated profit margins. In addition, the Distributors threatened to boycott, and in certain instances in fact boycotted, dental supply and equipment manufacturers, group

purchasing organizations (“GPOs”), and other industry participants that did business with rival distributors.

35. Dentsply Sirona and its senior executives knew of the price fixing scheme and its impact on the Company’s financial results, and actively supported it. For example, Dentsply Sirona’s managers were involved in communications discussing the Distributors’ efforts to boycott GPOs and dental associations that endorsed GPOs, such as the Texas Dental Association and Arizona Dental Association (“AZDA”). A July 2014 email from a Benco representative to a Dentsply Sirona Senior Territory Manager confirms that the Company knew that the Distributors colluded to boycott the AZDA: “I have communicated with our competition at Schein and Patterson and we are all of the same mind that we will not be supporting a competitor’s [AZDA’s] meeting next year.”

36. In fact, Dentsply Sirona acted as a “hub” between the Distributors and as an “enforcer” of the anticompetitive scheme by: (i) engaging in a “misinformation campaign” in which the Company told dentists not to acquire discounted products from “unauthorized” distributors because they were purportedly of a lower quality and dangerous for patients – even though Dentsply Sirona knew the products were identical to those sold by authorized dealers; and (ii) threatening and filing vexatious trademark and tortious interference litigation against “unauthorized” distributors for the purpose of injuring those distributors and preventing them from selling its products.

37. In return, the Distributors agreed to buy Dentsply Sirona products at inflated prices, with those costs passed on to independent dentists in the form of higher prices. As a result, Dentsply Sirona was able to report inflated revenues and profit margins, as the anticompetitive

scheme enabled the Distributors to sell Dentsply Sirona products at prices that were as much as 75% above those charged by unauthorized dealers (and on average 37.5% higher).

38. Not only did Dentsply Sirona conceal its participation in this illegal scheme, it misled investors concerning the impact of the scheme on the Company’s financial condition by falsely attributing the Company’s performance to legitimate factors. Indeed, Dentsply Sirona falsely reassured investors that its financial results were driven by the Company’s sales performance and superior products and in spite of the challenges posed by a purportedly “highly competitive” dental market.

VI. DEFENDANTS’ MATERIALLY FALSE AND MISLEADING STATEMENTS AND OMISSIONS OF FACT

39. Throughout the Class Period, Dentsply Sirona made materially false and misleading statements in the Company’s financial statements filed with the SEC and in earnings calls with analysts and investors. Specifically, Dentsply Sirona falsely described the sources and causes of its reported net sales, gross profit, net income, operating margins and goodwill, repeatedly stating that the “primary drivers” of its financial results were “global dental market growth, innovation and new products launched by the Company, and continued investments in sales and marketing resources.” Similarly, in numerous conference calls, Dentsply Sirona executives attributed the Company’s financial performance to Dentsply’s “global efficiency initiative,” “operational improvement efforts,” “innovation,” “new products,” and other purportedly legitimate causes. Dentsply Sirona never disclosed during the Class Period that its reported sales and margins were buoyed by an anticompetitive conspiracy. To the contrary, Dentsply Sirona claimed it was able to succeed despite the challenges posed by the “highly competitive” U.S. dental market.

A. Fourth Quarter and Fiscal Year 2013

1. The February 20, 2014 Form 10-K

40. On February 20, 2014, the first day of the Class Period, Dentsply Sirona filed its Form 10-K for the fiscal year ended December 31, 2013, which was signed by Defendants Wise and Clark. In the annual report, the Company reported its key metrics for 2013:

Metric	Year Ended December 31, 2013 (\$ in thousands)
Net Sales	\$ 2,950,770
Gross Profit	\$ 1,577,412
Net Income	\$ 318,161

41. In the same annual report, the Company reported that annual adjusted operating margins were 17.6%.

42. In describing the sources and causes of its revenues and net income reported in the annual report, the Company stated that the “*primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company*, and continued investments in sales and marketing resources, including clinical education.”

43. Also, in the same annual report, Dentsply Sirona made materially false and misleading statements concerning the “highly competitive” U.S. dental market and the means by which the Company was able to sustain or grow its market share. Specifically, the Company told investors that:

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental and medical products industries is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by professionals, technicians and patients. ***DENTSPLY believes that its principal strengths include its well-established brand names, its reputation for high quality and innovative products, its leadership in product development and manufacturing, the breadth of its product line, its commitment to customer satisfaction and support of the Company’s products by dental and medical professionals.***

44. The above statements in paragraphs 40 through 43 regarding the fourth quarter and full year results for fiscal year 2013 were false and misleading when made. The statements were

false and misleading because they misrepresented the state of competition in the industry for Dentsply Sirona, misattributed the sources and causes of Dentsply Sirona's financial performance and failed to disclose the effect of the Distributors' ongoing anticompetitive scheme, which was artificially inflating the Company's revenues and margins.

B. First Quarter of Fiscal Year 2014

1. The May 6, 2014 Form 10-Q

45. On May 6, 2014 Dentsply Sirona filed its Form 10-Q for the quarter ended March 31, 2014, which was signed by Defendants Wise and Clark. In the quarterly report, the Company reported its key metrics for the first quarter of 2014:

Metric	Three Months Ended March 31, 2014 (\$ in thousands)
Net Sales	\$ 730,114
Gross Profit	\$ 394,205
Net Income	\$ 72,920

46. In the same quarterly report, the Company noted that the "Operating margin in the first quarter 2014 was 14.5% an increase of 170 basis points as compared to 12.8% in the first quarter of 2013."

47. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the "*primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company*, and continued investments in sales and marketing resources, including clinical education."

2. The May 6, 2014 Earnings Call

48. On May 6, 2014, Dentsply Sirona held a conference call with analysts and investors to address its 2014 first quarter financial results. During the call, Defendant Clark reported that

quarterly adjusted operating margins were 17.7%, and that these margins “reflect[ed] the better leverage and the overall SG&A savings that I just described.”

49. Also, on the call, Defendant Wise commented on the Company’s quarterly performance and stated that “*these results reflect and they’re part of an ongoing strategy to grow earnings through better leveraging our portfolio of companies and our cost structure*, even in differing economic environments.”

50. The above statements in paragraphs 45 through 49 made by Defendants regarding the first quarter results for fiscal year 2014 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

C. Second Quarter of Fiscal Year 2014

1. The July 31, 2014 Form 10-Q

51. On July 31, 2014, Dentsply Sirona filed its Form 10-Q for the quarter ended June 30, 2014, which was signed by Defendants Wise and Clark. In the quarterly report, the Company reported its key metrics for the second quarter of 2014:

Metric	Three Months Ended June 30, 2014 (\$ in thousands)
Net Sales	\$ 765,225
Gross Profit	\$ 424,469
Net Income	\$ 90,014

52. In the same quarterly report, the Company noted that “[o]perating margin for the first six months of 2014 was 15.6% an increase of 110 basis points as compared to 14.5% for the first six months of 2013.”

53. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “*primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company*, and continued investments in sales and marketing resources, including clinical education.”

2. The July 31, 2014 Earnings Call

54. On July 31, 2014 Dentsply Sirona held a conference call with analysts and investors to address its 2014 second quarter financial results. During the call, Defendant Wise responded to an analyst’s question regarding how much new product launches are contributing year to date by stating that “*product launches and new products is a fundamental part of our strategy that’s important to the internal growth or the continued growth of the Company.*”

55. On the same call, Defendant Clarke reported that quarterly adjusted operating margins were 19.3% and that the Company was maintaining its adjusted earnings per share guidance in the range of \$2.47 to \$2.55, which he said factored in the “*momentum we believe we are creating relative to our efforts to improve operating efficiency and to drive better leverage of our cost and asset basis.*”

56. The above statements in paragraphs 51 through 55 made by Defendants regarding the second quarter results for fiscal year 2014 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

D. Third Quarter of Fiscal Year 2014

1. The October 29, 2014 Form 10-Q

57. On October 29, 2014 Dentsply Sirona filed its Form 10-Q for the quarter ended September 30, 2014, which was signed by Defendant Wise and Defendant Clark. In the quarterly report, the Company reported its key metrics for the third quarter of 2014:

Metric	Three Months Ended September 30, 2014 (\$ in thousands)
Net Sales	\$ 708,240
Gross Profit	\$ 388,064
Net Income	\$ 75,266

58. In the same quarterly report, the Company noted that the “[o]perating margin for the first nine months of 2014 was 15.5%, an increase of 90 basis points as compared to 14.6% for the first nine months of 2013.”

59. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “***primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company***, and continued investments in sales and marketing resources, including clinical education.”

2. The October 29, 2014 Earnings Call

60. On October 29, 2014, Dentsply Sirona held a conference call with analysts and investors to address its 2014 third quarter financial results. During the call, Defendant Clark stated that quarterly operating margins were 18.7%, and that “***[w]e continue to be pleased with our operating margin improvement [and] ... are solidly on track towards our objective of reaching a 20% adjusted operating margin rate in 2017 and believe our margin improvement strategies are gaining traction.***”

3. The October 29, 2014 Form 8-K

61. On October 29, 2014, Dentsply Sirona filed a Form 8-K attaching a press release disclosing its third quarter 2014 sales and earnings. In the press release attached to the October 29, 2018 Form 8-K, Defendant Wise is quoted as stating that “[o]ur results reflect the significant opportunity we have at Dentsply to *create value by leveraging our global cost structure and redirecting resources to the areas of greatest growth potential.*”

62. The above statements in paragraphs 57 through 61 made by Defendants regarding the third quarter results for fiscal year 2014 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

E. Fourth Quarter and Fiscal Year 2014

1. The February 18, 2015 Earnings Call

63. On February 18, 2015, Dentsply Sirona held a conference call with analysts and investors to address its 2014 fourth quarter and full year financial results. During the call, Defendant Clark stated that the quarterly operating margins were 17.7%. Defendant Clark then added that quarterly adjusted gross profit was 57.4% of sales, and that this percentage “*reflect[ed] the favorable impact of price, mix, FX, and some of our recent operational improvement efforts, partially offset by lower absorption as we took out inventory in the period.*”

64. Also, on the call, Defendant Wise stated the Company had “shown a pretty consistent trend of improved operating margins throughout the year” which was “a good sign for the impact of the programs we’ve instituted.”

65. Later, on the call, Defendant Wise added “we entered 2014 focused on new product launches and growth but also on improving our efficiency in terms of operating margins, asset churns and cash flow as priorities. . . . ***We made some good progress on these priorities in 2014, significantly increasing our operating margins***, our asset churns and our cash flow generation.”

2. The February 20, 2015 Form 10-K

66. On February 20, 2015 Dentsply Sirona filed its Form 10-K for the fiscal year ended December 31, 2014, which was signed by Defendants Wise and Clark. In the annual report, the Company reported its key metrics for 2014:

Metric	Year Ended December 31, 2014 (\$ in thousands)
Net Sales	\$ 2,922,620
Gross Profit	\$ 1,599,789
Net Income	\$ 322,913

67. In the same annual report, the Company noted that “[o]perating margin for the year ended December 31, 2014 was 15.3%, an increase of 110 basis points as compared to 14.2% for the year ended December 31, 2013.”

68. In describing the sources and causes of its revenues and net income reported in the annual report, the Company stated that the “***primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company***, and continued investments in sales and marketing resources, including clinical education.”

69. In the same annual report, Dentsply Sirona also made materially false and misleading statements concerning the “highly competitive” U.S. dental market and the means by which the Company was able to sustain or grow its market share. Specifically, the Company told investors that:

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental and medical products

industries is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by clinicians, technicians and patients. ***DENTSPLY believes that its principal strengths include its well-established brand names, its reputation for high quality and innovative products, its leadership in product development and manufacturing, its global sales force, the breadth of its product line and distribution network, its commitment to customer satisfaction and support of the Company's products by dental and medical professionals.***

70. The above statements in paragraphs 63 through 69 made by Defendants regarding the fourth quarter and full year results for fiscal year 2014 were false and misleading when made. The statements were false and misleading because they misrepresented the state of competition in the industry for Dentsply Sirona, misattributed the sources and causes of Dentsply Sirona's financial performance, and failed to disclose the effect of the Distributors' ongoing anticompetitive scheme, which was artificially inflating the Company's revenues and margins.

F. First Quarter of Fiscal Year 2015

1. The May 6, 2015 Form 10-Q

71. On May 6, 2015, Dentsply Sirona filed its Form 10-Q for the quarter ended March 31, 2015, which was signed by Defendants Wise and Clark. In the quarterly report, the Company reported its key metrics for the first quarter of 2015:

Metric	Three Months Ended March 31, 2015 (\$ in thousands)
Net Sales	\$ 656,320
Gross Profit	\$ 373,368
Net Income	\$ 63,954

72. In the same quarterly report, the Company noted that the "Operating margin for the first three months of 2015 was 14.9%, an increase of 40 basis points compared to 14.5% for the first three months of 2014."

73. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the "***primary drivers of internal growth includes global***

dental market growth, innovation and new products launched by the Company, and continued investments in sales and marketing resources, including clinical education.”

2. The May 6, 2015 Earnings Call

74. On May 6, 2015, Dentsply Sirona held a conference call with analysts and investors to address its 2015 first quarter financial results. During the call, Defendant Clark stated that quarterly adjusted operating margins were 18.7%, and that “*[o]ur performance this quarter reflects the gross margin and SG&A impacts that I just described, as well as the impact of our operating margin improvement initiatives.*”

75. The above statements in paragraphs 71 through 74 made by Defendants regarding the first quarter results for fiscal year 2015 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

G. Second Quarter of Fiscal Year 2015

1. The July 30, 2015 Form 10-Q

76. On July 30, 2015, Dentsply Sirona filed its Form 10-Q for the quarter ended June 30, 2015, which was signed by Defendants Wise and Clark. In the quarterly report, the Company reported its key metrics for the second quarter of 2015:

Metric	Three Months Ended June 30, 2015 (\$ in thousands)
Net Sales	\$ 698,006
Gross Profit	\$ 399,661
Net Income	\$ 44,064

77. In the same quarterly report, the Company noted that the quarterly operating margins were 12.7%, and that these margins “*reflect[ed] operating improvements* that were offset by charges associated with restructuring initiatives in the current period.”

78. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “*primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company*, and continued investments in sales and marketing resources, including clinical education.”

2. The July 30, 2015 Earnings Call

79. On July 30, 2015, Dentsply Sirona held a conference call with analysts and investors to address its 2015 second quarter financial results. During the call, Defendant Mosch stated that “[n]ew products launched in the latter part of 2014 and Q1 of 2015 in both the restorative and preventative areas *are driving growth* coupled with procedural selling efforts in the areas of Class II and post endodontic restorations. In addition, US retail growth appears to be stable and growing well versus prior year.”

80. On the same call, Defendant Wise stated, “we’ve been focused on how to become more efficient internally while channeling funds back into initiatives that can drive sustainable growth above the market, irrespective of the market conditions.” Defendant Wise further stated during the call that “Based on our earnings to date, the market developments as we see them and the outlook for the net benefits coming from the efficiency program, we are adjusting our guidance range from the \$2.50 to the \$2.60 that we established at the beginning of the year to a new range of adjusted earnings per share for the year of \$2.54 to \$2.62. *This reflects our confidence in our performance so far and the initiatives we have underway* and also the currency drag that we expect based on the rates today.”

81. Later, during the same call, Defendant Clark reported that the quarterly adjusted operating margins were 21.1%, and that this was “our strongest quarterly operating margin performance in 28 quarters. *This represents the impact of significant internal focus on this measure via our global efficiency improvement initiative, as well as positive benefits from price, mix and currency.*”

82. The above statements in paragraphs 76 through 81 made by Defendants regarding the second quarter results for fiscal year 2015 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

H. Third Quarter of Fiscal Year 2015

1. The October 30, 2015 Form 10-Q

83. On October 30, 2015 Dentsply Sirona filed its Form 10-Q for the quarter ended September 30, 2015, which was signed by Defendant Wise and Defendant Clark. In the quarterly report, the Company reported its key metrics for the third quarter of 2015:

Metric	Three Months Ended September 30, 2015 (\$ in thousands)
Net Sales	\$ 648,900
Gross Profit	\$ 369,500
Net Income	\$ 84,400

84. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “*primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company*, and continued investments in sales and marketing resources, including clinical education.”

2. The October 28, 2015 Earnings Call

85. On October 28, 2015 Dentsply Sirona held a conference call with analysts and investors to address its 2015 third quarter financial results. During the call, Defendant Clark stated that the Company's quarterly operating margins were 20.9%, and that these margins "*represent[ed] the accelerating impact of our global efficiency improvement initiative.*"

86. On the same call, Clark observed that "As I mentioned, *we continue to be very pleased with the progress of our global efficiency program as the P&L impact from our aggregate efforts continues to accelerate.*"

87. The above statements in paragraphs 83 through 86 made by Defendants regarding the third quarter results for fiscal year 2015 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona's financial performance and failed to disclose that the Distributors' ongoing anticompetitive scheme was artificially inflating the Company's revenues and margins.

VII. DEFENDANTS' MATERIAL MISSTATEMENTS AND OMISSIONS MADE IN CONNECTION WITH THE SIRONA ACQUISITION

A. Announcement of the Sirona Acquisition

88. On September 15, 2015, Dentsply Intl. announced that it had agreed to acquire Sirona in an all-stock acquisition that valued Sirona at \$5.5 billion, calling it a "merger of equals." Under the terms of the Acquisition, Sirona shareholders would receive 1.8142 shares of Dentsply Intl. common stock in exchange for each share of Sirona common stock they held.

89. On the same day that the Acquisition was announced, Dentsply Intl. and Sirona held a conference call with investors and analysts in which Defendants Slovin, Wise, and Clark presented a PowerPoint presentation highlighting the purported benefits of the proposed transaction. Specifically, Defendant Wise presented an overview of Dentsply Intl., Defendant

Slovin presented an overview of Sirona with a focus on the adoption of CAD/CAM technology, and Defendant Clark participated in the question-and-answer session.

B. Filing of the Registration Statement and Proxy Solicitation Seeking Approval of the Merger

90. In connection with the Acquisition, Defendants filed with the SEC a combined registration statement on Form S-4, prospectus (“Prospectus”) and joint proxy statement (“Proxy”) (together, the “Registration Statement”), which was declared effective by the SEC on December 7, 2015. The Dentsply Director Defendants each signed and/or authorized their signature on the Registration Statement, and the Registration Statement disclosed that certain of the Individual Defendants would serve as directors of the combined company.

91. The Registration Statement, which described the Acquisition, stated that both Dentsply Intl.’s and Sirona’s boards of directors had (i) approved the Acquisition, and (ii) recommended to the shareholders of their respective companies that they approve the Acquisition at special shareholder meetings scheduled for January 11, 2016.

92. On December 8, 2015, Dentsply Intl. filed a joint proxy statement/prospectus with the SEC on Form 424B3 seeking shareholder approval of the Acquisition.

93. The Registration Statement expressly incorporated by reference certain of Dentsply Intl.’s SEC filings, including its: (1) annual report on Form 10-K for the fiscal year ended December 31, 2014; (2) quarterly reports on Forms 10-Q for the quarterly periods ended March 31, 2015, June 30, 2015 and September 30, 2015; (3) current reports on Forms 8-K filed on February 18, 2015, May 6, 2015, July 30, 2015, September 15, 2015, September 16, 2015, October 28, 2015, and October 29, 2015.

94. The Registration Statement also specifically incorporated by reference certain SEC filings by Sirona, including its: (1) annual reports on Forms 10-K for the fiscal years ended

September 30, 2014 and September 30, 2015, and any amendments thereto; (2) quarterly reports on Forms 10-Q for the periods ended December 31, 2014, March 31, 2015 and June 30, 2015; and (3) current reports on Forms 8-K filed September 15, 2015, September 16, 2015 and November 23, 2015.

95. In numerous communications subsequent to the filing of the Registration Statement and prior to the shareholder vote on and the closing of the Dentsply-Sirona merger, Defendants repeated the representations contained in the Registration Statement and referred investors to the Registration Statement and joint proxy/prospectus when soliciting shareholder approval for the Acquisition. For example, the joint proxy/prospectus explained that investors could obtain the documents incorporated by reference in the Registration Statement by requesting them from Dentsply Intl.’s and Sirona’s proxy solicitors, or obtaining them from the SEC’s website or Dentsply’s website. Similarly, on January 11, 2016, Dentsply Intl. filed a Form 8-K with the SEC concerning the shareholder vote on the Acquisition that explained that “DENTSPLY and Sirona first mailed the joint proxy statement/prospectus to their respective stockholders on or about December 7, 2015,” urged investors to “read the joint proxy statement/prospectus and any other relevant documents that are filed with the SEC” in their entirety, and invited investors to review copies of these materials on Dentsply Intl.’s website. The Registration Statement and other solicitations seeking shareholder approval of the Acquisition contained untrue statements of material fact, omitted material facts necessary to make the statements contained therein not misleading, and otherwise failed to disclose material information that was required to be disclosed, as identified and for the reasons set forth in paragraphs 39 through 86 above. At no time before the shareholder vote or after did Defendants correct the misstatements and omissions contained in the proxy.

C. Material Misrepresentations and Omissions Regarding Product Demand and Inventory, and Sirona’s Exclusivity with Patterson

96. The Registration Statement described the businesses of Dentsply Intl. and Sirona without disclosing that their growth and status were then directly benefitting from an anticompetitive scheme perpetrated by the Distributors to artificially inflate the price of dental supplies and preclude true competition. For example, the Registration Statement described Sirona as “uniquely positioned to benefit from several trends in the global dental industry, such as technological innovation, the shift to digital imaging, favorable demographic trends, and growing patient focus on dental health and cosmetic appearance,” a statement that was materially false and misleading because it failed to disclose the anticompetitive scheme described above.

97. Nor did the Registration Statement disclose that Sirona benefitted from Patterson’s contractual obligation to make minimum purchases under the terms of the Exclusivity Agreements, which, in turn, threatened their business relationship. For example, the representation that “Sirona is uniquely positioned to benefit from several trends in the global dental industry” was materially misleading because if failed to disclose the impact of the excessive sales to Patterson through the Exclusivity Agreements, which had placed Sirona’s financial results and condition in jeopardy.

98. Further, the Registration Statement justified the Acquisition by reference to “key industry trends” and the “growing driving demand” for high-tech dental products manufactured by Sirona. Specifically, the Registration Statement represented that the “the combined company will be better positioned to capitalize on key industry trends, including the accelerating adoption of digital technologies, the consolidation of dental practices, increased focus on dentist productivity and efficiency to serve a wider and larger set of patients, and the growing demand for dentistry in developed and developing markets.” The Registration Statement also pointed to the purported “predictability” of Sirona’s revenues as a key reason for recommending the Acquisition,

explaining that the combined company will have “greater revenue diversification and predictability with equipment expected to represent approximately 30% and consumables expected to represent approximately 70% of revenues on a pro forma basis[.]”

99. Sirona’s filings with the SEC that were specifically incorporated by reference in the Registration Statement also contained numerous untrue statements and omissions of material facts. For example, in Sirona’s 2015 Form 10-K – filed with the SEC only 17 days before the effective date of the Registration Statement – Sirona stated: “For the fiscal year ended September 30, 2015 . . . *[w]e continued to see growing demand for products across all segments.*”

100. Further, with respect to CAD/CAM sales, Sirona’s 2015 Form 10-K stated that “[a]ll regions experienced growth, with especially strong demand in international markets,” providing, in part that “[r]evenues benefited primarily from strong demand for our CAD/CAM Systems and Imaging products. Sales in the latter part of the fiscal year showed signs of a promising future growth in the U.S. for our Treatment Center segment.”

101. As for Sirona’s Treatment Center and Instruments segments, Sirona’s 2015 Form 10-K stated that Sirona “*continued to witness steady increase in demand*” and “*continued to experience strong growth,*” representing that “[s]ales of our treatment centers in the U.S. *gained traction in the latter part of the fiscal year with market launches via our expanded distribution agreement with Patterson.*”

102. These statements regarding demand for Sirona’s products were materially misleading in light of the failure to disclose the inventory and channel stuffing issues facing Patterson, and the fact that CAD/CAM sales were artificially inflated because they were made pursuant to the minimum purchase requirements of the Exclusivity Agreements.

103. Furthermore, the warnings about potential risks posed by Sirona's Exclusivity Agreements contained in Sirona's 2015 Form 10-K were also untrue and omitted material facts. For example, the statements in Sirona's 2015 Form 10-K that “[t]here can be no assurance that Patterson and Henry Schein will purchase any specified minimum quantity of products from us” and that Sirona's revenues could be harmed “[i]f Patterson or Henry Schein ceases to purchase a significant volume of products from us” were materially false and misleading when made because, at the time, Dentsply Intl. and Sirona knew that Patterson was experiencing significant difficulties making the minimum purchases required by the Exclusivity Agreements.

104. As detailed above in paragraphs 96 through 103, the Registration Statement contained untrue statements of material fact, omitted material facts necessary to make the statements contained therein not misleading, and otherwise failed to disclose information required under the rules and regulations governing their preparation. Specifically, the Registration Statement contained and/or incorporated by reference misrepresentations and omissions concerning industry competition and product demand and inventory, as well as omissions of the risks and uncertainties associated with the Distributors' anticompetitive conduct, worsening and unabated channel stuffing, and the predictable termination of Sirona's exclusive relationship with Patterson. These false and misleading statements and omissions were relied upon by the shareholders who held shares as of the record date of December 2, 2015 and were entitled to vote with respect to the Acquisition. Through their negligence in issuing the Proxy, and all documents incorporated by reference therein containing material misstatements and omissions, and through other statements soliciting shareholder approval of the Acquisition, Dentsply Intl. and Sirona shareholders were deprived of material information needed to cast a fully informed vote with respect to the Acquisition.

105. On January 11, 2016, Dentsply Intl. filed a Form 8-K with the SEC announcing that the “[s]hareholders of each company overwhelmingly approved all proposals necessary to complete the merger of equals transaction.” In announcing the completion of the Acquisition to form Dentsply Sirona on February 29, 2016, Defendant Slovin represented that the combined company would “drive long-term growth by being uniquely positioned to deliver innovative solutions and support our customers with the broadest product portfolio and the largest sales and service infrastructure in the industry.”

VIII. DEFENDANTS’ MATERIAL MISSTATEMENTS AND OMISSIONS FOLLOWING THE ACQUISITION

A. Fourth Quarter and Fiscal Year 2015

1. The February 12, 2016 Form 10-K

106. On February 12, 2016, Dentsply Intl. filed a Form 10-K for the fiscal year ended December 31, 2015 – its final annual report prior to the completion of the Acquisition – which was signed by Defendants Wise and Clark. In the annual report, the Company reported its key metrics for 2015:

Metric	Year Ended December 31, 2015 (\$ in thousands)
Net Sales	\$ 2,674,300
Gross Profit	\$ 1,517,200
Net Income	\$ 251,100

107. In the same annual report, the Company reported that the annual operating margins were 14.5%, and that these margins “*reflect[ed] operating improvements, net of reinvestment, associated with the Company’s global efficiency initiative.*”

108. In describing the sources and causes of its revenues and net income reported in the annual report, the Company stated that the “*primary drivers of internal growth includes macroeconomic factors, global dental market growth, innovation and new products launched*

by the Company, and continued investments in sales and marketing resources, including clinical education.”

109. In the same annual report, Dentsply Sirona also made materially false and misleading statements concerning the “highly competitive” U.S. dental market and the means by which the Company was able to sustain or grow its market share in some of its financial statements during the Class Period. Specifically, the Company told investors that:

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental and medical products industries is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by clinicians, technicians and patients. ***DENTSPLY believes that its principal strengths include its well-established brand names, its reputation for high quality and innovative products, its leadership in product development and manufacturing, its global sales force, the breadth of its product line and distribution network, its commitment to customer satisfaction and support of the Company’s products by dental and medical professionals.***

2. The February 12, 2016 Earnings Call

110. On February 12, 2016 Dentsply Sirona held a conference call with analysts and investors to address its 2015 fourth quarter and full year financial results. During the call, Defendant Clark also reported that the quarterly operating margins were 19.9% and the operating margins for the year were 20.2%, and that these margins “reflect[ed] the full-year impact of our global efficiency program, as well as the currency benefit moving through our cash flow hedges.” Defendant Clark also stated, “***we are pleased with the operating performance of the business, particularly the traction from the efficiency program and now our ability to translate that into growth investments in addition to operating margin improvements,***” and that the Company’s fourth quarter improvement “reflects favorable impacts of our global operational improvement efforts, currency and price.”

111. The above statements in paragraphs 106 through 111 made by Defendants regarding the fourth quarter and full year results for fiscal year 2015 were false and misleading when made. The statements were false and misleading because they misrepresented the state of competition in the industry for Dentsply Sirona, misattributed the sources and causes of Dentsply Sirona's financial performance and failed to disclose the effect of the Distributors' ongoing anticompetitive scheme, which was artificially inflating the Company's revenues and margins.

B. First Quarter of Fiscal Year 2016

1. The May 6, 2016 Form 10-Q

112. On May 6, 2016, in reporting its first quarterly results as a combined company, Dentsply Sirona filed its Form 10-Q for the quarter ended March 31, 2016, which was signed by Defendants Slovin and Michel. In the quarterly report, the Company reported its key metrics for the first quarter of 2016:

Metric	Three Months Ended March 31, 2016 (\$ in thousands)
Net Sales	\$ 772,600
Gross Profit	\$ 418,900
Net Income	\$ 125,300

113. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the "*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education."

2. The May 6, 2016 Earnings Call

114. On May 6, 2016, Dentsply Sirona held a conference call with analysts and investors to address its 2016 first quarter financial results. During the call, Defendant Slovin stated that

“innovation and best-in-class customer service will be two key pillars of our new organization.”

On the same call, Defendant Slovin added that the Company had “been *working closely with our distributors to develop plans that create growth opportunities for ourselves and our partners.*”

On the same call, Defendant Michel reported that quarterly adjusted operating margins were 22.2%, and that these margins “*benefited from the positive impacts of the global efficiency program and the consolidation of Sirona.*”

115. The above statements in paragraphs 112 through 114 made by Defendants regarding the first quarter results for fiscal year 2016 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

C. Second Quarter of Fiscal Year 2016

1. The August 5, 2016 Form 10-Q

116. On August 5, 2016 Dentsply Sirona filed its Form 10-Q for the quarter ended June 30, 2016, which was signed by Defendants Slovin and Michel. In the quarterly report, the Company reported its key metrics for the second quarter of 2016:

Metric	Three Months Ended June 30, 2016 (\$ in thousands)
Net Sales	\$ 1,022,000
Gross Profit	\$ 526,900
Net Income	\$ 105,900

117. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by*

the Company, as well as continued investments in sales and marketing resources, including clinical education.”

2. The August 5, 2016 Earnings Call

118. On August 5, 2016 Dentsply Sirona held a conference call with analysts and investors to address its 2016 second quarter financial results. During the call, Defendant Slovin stated that “*we are announcing a number of new products which I think is always critical to driving growth. . . . These new products along with others will help us grow and gain market share.*” On the same call, Defendant Michel reported that the Company’s quarterly gross profit margins were 60.2%, and that these margins “*benefit[ed] from [the Company’s] global efficiency program* which largely offset negative foreign currency impacts.”

119. Later, on the same call, Defendant Michel reported that the quarterly operating margins were 23.1%, and that these margins “*benefited from the positive impacts of the global efficiency program* and the consolidation of SIRONA.”

120. The above statements in paragraphs 116 through 120 made by Defendants regarding the second quarter results for fiscal year 2016 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

D. Third Quarter of Fiscal Year 2016

1. The November 4, 2016 Form 10-Q

121. On November 4, 2016 Dentsply Sirona filed its Form 10-Q for the quarter ended September 30, 2016, which was signed by Defendants Slovin and Michel. In the quarterly report, the Company reported its key metrics for the third quarter of 2016:

Metrics	Three Months Ended September 30, 2016 (\$ in thousands)
Net Sales	\$ 954,200
Gross Profit	\$ 513,600
Net Income	\$ 92,300

122. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education.”

2. The November 4, 2016 Earnings Call

123. On November 4, 2016, Dentsply Sirona held a conference call with analysts and investors to address its 2016 third quarter financial results. During the call, Defendant Slovin stated that Dentsply Sirona’s “*growth comes from our tremendous brand and product portfolio, our sales and service infrastructure, our clinical education, and our ability to launch new products,*” adding that “[o]ur balance sheet remains strong.”

124. On the same call, Defendant Michel reported that quarterly adjusted operating margins were 20.8%, and that these margins “*benefited from the positive impacts of the global efficiency program* and the consolidation of SIRONA.”

125. The above statements in paragraphs 121 through 125 made by Defendants regarding the third quarter results for fiscal year 2015 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

E. Fourth Quarter and Fiscal Year 2016

1. The February 17, 2017 Earnings Call

126. On February 17, 2018 Dentsply Sirona held a conference call with analysts and investors to address its 2016 fourth quarter and full year financial results. During the call, Defendant Slovin stated that in 2016, the Company’s revenue “growth came in the face of challenging market conditions,” including the purported fact that the “US dental markets slowed down unexpectedly from summer until late in the year.” According to Defendant Slovin, the Company’s *“diversification in both geography and product portfolio is proving to be a competitive advantage. Coming together at the right time enabled us to accelerate growth through early revenue synergies.”* Further, Defendant Michel reported that adjusted annual operating margins were 21%, and that these margins *“benefited from the positive impacts of cost reduction programs* and the consolidation of Sirona.”

127. On the same call, Defendants addressed the fact that Patterson had ended its exclusive relationship with Dentsply Sirona. In an effort to conceal the significant financial impact this development, however, and in addressing Patterson’s termination of the arrangement, Defendant Slovin falsely claimed that Densply Sirona “share[d] the view with Patterson that broadening our go-to-market strategy in North America will accelerate the adoption of our technologies” and that the “change in our go-to-market strategy will begin reaping benefits in growth and accelerating market penetration later this year and into 2018 and beyond.” Similarly, the Company’s February 17, 2017 investor presentation stated that the “Company’s relationship with Patterson remains strong and the Company expects to continue to distribute the products and equipment underlying the agreements through Patterson on a non-exclusive basis.”

2. The March 1, 2017 Form 10-K

128. On March 1, 2017 Dentsply Sirona filed its Form 10-K for the fiscal year ended December 31, 2016, which was signed by Defendants Slovin and Michel. In the annual report, the Company reported its key metrics for 2016:

Metrics	Year Ended December 31, 2016 (\$ in thousands)
Net Sales	\$ 3,745,300
Gross Profit	\$ 2,000,900
Net Income	\$ 431,400

129. In describing the sources and causes of its revenues and net income reported in the annual report, the Company stated that the “*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education.”

130. In the same annual report, Dentsply Sirona also made materially false and misleading statements concerning the “highly competitive” U.S. dental market and the means by which the Company was able to sustain or grow its market share in some of its financial statements during the Class Period. Specifically, the Company told investors that:

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental and healthcare consumable products and dental technology product industries is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by clinicians, technicians and patients. *Dentsply Sirona believes that its principal strengths include its well-established brand names, its reputation for high quality and innovative products, its leadership in product development and manufacturing, its global sales force, the breadth of its product line and distribution network, its commitment to customer satisfaction and support of the Company’s products by dental and medical professionals.*

131. The above statements in paragraphs 126 through 130 made by Defendants regarding the fourth quarter and full year results for fiscal year 2016 were false and misleading

when made. The statements were false and misleading because they misrepresented the state of competition in the industry for Dentsply Sirona, misattributed the sources and causes of Dentsply Sirona's financial performance and failed to disclose the effect of the Distributors' ongoing anticompetitive scheme, which was artificially inflating the Company's revenues and margins. Further, the statements concerning the Company's relationship with Patterson were false and misleading when made because they failed to disclose the significant financial impact of Patterson's decision to terminate its exclusive distribution agreements with Patterson and that, in truth, Patterson had amassed a backlog of at least a year's worth of excess inventory and that, as a result, sales would be drastically impacted going forward.

F. First Quarter of Fiscal Year 2017

1. The May 9, 2017 Earnings Call

132. On May 9, 2017 Dentsply Sirona held a conference call with analysts and investors to address its 2017 first quarter financial results. During the call, Joshua Zable, VP of IR at Dentsply Sirona, reported that quarterly operating margins were 16.6%. Further, on that conference call, Defendant Slovin touted Dentsply Sirona's "unique and important relationship with Patterson," telling investors that "we have confidence in our long-standing relationship with Patterson." In fact, in a direct response to analysts questions about the "margin profile of your business through Schein or Patterson," Defendants Slovin refused to "get into the contracts that's been agreed to by both parties" but stated that "we are confident that this – the way we've set up our structure benefits both Henry Schein and Patterson."

2. The May 10, 2017 Form 10-Q

133. On May 10, 2017 Dentsply Sirona filed its Form 10-Q for the quarter ended March 31, 2017, which was signed by Defendant Slovin and Defendant Michel. In the quarterly report, the Company reported its key metrics for the first quarter of 2017:

Metrics	Three Months Ended March 31, 2017 (\$ in thousands)
Net Sales	\$ 900,500
Gross Profit	\$ 492,000
Net Income	\$ 59,700

134. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the “*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education.”

135. The above statements in paragraphs 132 through 134 made by Defendants regarding the first quarter results for fiscal year 2017 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose that the Distributors’ ongoing anticompetitive scheme was artificially inflating the Company’s revenues and margins.

IX. DEFENDANTS’ MATERIALLY FALSE AND MISLEADING STATEMENTS AND OMISSIONS OF FACT REGARDING GOODWILL

136. In addition to the false and misleading statements regarding the U.S. dental market’s competitive landscape and the sources of its reported revenues, net income and operating margins, Dentsply Sirona also overstated its goodwill in contravention of GAAP. Specifically, in connection with the Acquisition, Defendants stated that Dentsply Intl. and Sirona had \$1.9 billion and \$585 million in net goodwill, respectively, as of September 30, 2015. Defendants further

stated that the Acquisition would create \$3.5 billion in new goodwill, leading Dentsply Sirona to report a net goodwill of \$6 billion for the combined Company. After the merger, goodwill represented more than half of Dentsply Sirona's reported assets.

137. Following the merger, Dentsply Sirona reaffirmed its inflated goodwill valuations in its periodic Forms 10-K and Forms 10-Q filed with the SEC between May 6, 2016 and May 7, 2018, as follows:

Reporting Period	Reported Net Goodwill
First Quarter of Fiscal Year 2016	\$5.84 billion
Second Quarter of Fiscal Year 2016	\$5.79 billion
Third Quarter of Fiscal Year 2016	\$6.06 billion
Fourth Quarter and Fiscal Year 2016	\$5.95 billion
First Quarter of Fiscal Year 2017	\$5.96 billion
Second Quarter of Fiscal Year 2017	\$5.02 billion
Third Quarter of Fiscal Year 2017	\$5.07 billion
Fourth Quarter and Fiscal Year 2017	\$4.54 billion
First Quarter of Fiscal Year 2018	\$4.57 billion
Second Quarter of Fiscal Year 2018	\$3.46 billion

138. Significantly, Dentsply Sirona's goodwill valuations depended in large part on the Company's distribution arrangements with the Distributors, including an exclusive distribution agreement with Patterson for U.S. sales of its technology and equipment products, as well as other "intangible assets" predicated upon the anticompetitive scheme.

139. The goodwill statements in the Registration Statement and quarterly and annual financial disclosures with the SEC were false and misleading because, during the Class Period, Defendants knew or recklessly disregarded that Dentsply's and Sirona's goodwill and intangible assets were impacted by the anticompetitive scheme described above; that Sirona had supplied Patterson with over a year's worth of excess inventory that made it highly likely that Patterson would terminate its exclusive distribution relationship; and that end-user demand for the products

that had been subject to the exclusive distribution arrangements with Patterson would inevitably be adversely affected by the existing inventory backlog.

X. THE TRUTH ABOUT DENTSPLY SIRONA'S FINANCIAL CONDITION IS REVEALED THROUGH A SERIES OF CORRECTIVE DISCLOSURES

140. The truth about Dentsply Sirona's financial condition was revealed in a series of corrective disclosures. First, on August 9, 2017, the Company reported its financial results for the second quarter of 2017. In connection with that disclosure, Dentsply Sirona revealed that the SEC had opened an investigation into the "Company's accounting and disclosures, including its accounting and disclosures relating to transactions with a significant distributor of the Company."

141. Further, Dentsply Sirona's financial results fell far short of analyst expectations, and the Company cut its full-year guidance by over 5%, attributing the decline to a slowdown in the Company's equipment sales, primarily in the United States, and significant de-stocking of inventory from its distributors. As Defendants explained, both the Company's profits and sales were below expectations due to a change in the North America distribution strategy and lower equipment and technology sales, which was driven largely by the termination of the Company's exclusive distribution agreement with Patterson. This, in turn, resulted in the Company taking a non-cash goodwill impairment charge of \$1.2 billion, primarily relating to its equipment and technology business.

142. In response to this news, Dentsply Sirona's share price fell \$5.18, or 8.4%, declining from \$61.41 per share on August 8, 2017 to close at \$56.23 per share on August 9, 2017.

143. However, the Company continued to mislead investors concerning the sources and drivers of its performance. In fact, on the August 9, 2017 conference call with analysts and investors to address its 2017 second quarter financial results, Defendant Slovin stated that the Company's "view for the full year has not changed much," that "Patterson is absolutely committed

to Dentsply Sirona and the proposition that we bring to the dental office,” and that the Company’s “balance sheet remains strong.”

144. Moreover, that same day, Dentsply Sirona filed its Form 10-Q for the quarter ended June 30, 2017, which was signed by Defendants Slovin and Michel. In the quarterly report, the Company reported its key metrics for the second quarter of 2017:

Metrics	Three Months Ended June 30, 2017 (\$ in thousands)
Net Sales	\$ 992,700
Gross Profit	\$ 544,200
Net (Loss) Income	\$ (1,050,300)

145. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the *“primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company,* as well as continued investments in sales and marketing resources, including clinical education.”

146. The above statements in paragraphs 140 through 145 made by Defendants regarding the second quarter results for fiscal year 2017 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose the impact of the Distributors’ anticompetitive scheme on the Company’s revenues and margins.

147. Less than two months after the Company disclosed the SEC investigation, on October 2, 2017, Dentsply Sirona unexpectedly announced the departure of its three highest ranking officers, Defendants Slovin, Clark, and Wise, the CEO, COO and Executive Chairman, respectively. On this news, Dentsply Sirona shares fell another \$3.48, or 5.8%, declining from \$59.81 per share on September 29, 2017 to close at \$56.33 per share on October 2, 2017.

148. Even after these partial disclosures, Dentsply Sirona continued to mislead investors concerning the Company's financial condition. For example, on November 3, 2017, Dentsply Sirona held a conference call with analysts and investors to address its 2017 third quarter financial results. During the call, Defendant Michel reported that quarterly operating margins were 21.1%. Later, on the call, Defendant Michel reported that internal growth increased 2.4% and that "*[o]ur growth was driven by strength in the U.S.*, which grew 7.1%," explaining that the Company was "*beginning to see the benefit of our expanded distribution agreement in equipment.*"

149. On November 9, 2017, Dentsply Sirona filed its Form 10-Q for the quarter ended September 30, 2017, which was signed by Defendant Michel. In the quarterly report, the Company reported its key metrics for the third quarter of 2017:

Metrics	Three Months Ended September 30, 2017 (\$ in thousands)
Net Sales	\$ 1,009,200
Gross Profit	\$ 559,000
Net Income	\$ 90,500

150. In describing the sources and causes of its revenues and net income reported in the quarterly report, the Company stated that the "*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education."

151. The above statements in paragraphs 147 through 150 made by Defendants regarding the third quarter results for fiscal year 2017 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona's financial performance and failed to disclose the impact of the Distributors' anticompetitive scheme on the Company's revenues and margins.

152. On March 2, 2018 Dentsply Sirona held a conference call with analysts and investors to address its 2017 fourth quarter full year financial results. During the call, Defendant Casey stated that the Company's "*leadership position in technology and equipment, such as CAD/CAM and imaging, is another major strength*" and an important foundation for future growth." On the same call, Defendant Alexos stated that the Company's improvement in reported adjusted margin rate versus the prior year was "*a function of stronger product and regional mix* and higher volumes creating SG&A leverage."

153. On March 15, 2018 Dentsply Sirona filed its Form 10-K for the fiscal year ended December 31, 2017, which was signed by Defendants Casey and Alexos. In the annual report, the Company reported its key metrics for 2017:

Metrics	Year Ended December 31, 2017 (\$ in thousands)
Net Sales	\$ 3,993,400
Gross Profit	\$ 2,188,500
Net (Loss) Income	\$ (1,550,300)

154. In describing the sources and causes of its revenues and net income reported in the annual report, the Company stated that the "*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education."

155. In the same annual report, Dentsply Sirona also made materially false and misleading statements concerning the "highly competitive" U.S. dental market and the means by which the Company was able to sustain or grow its market share in some of its financial statements during the Class Period. Specifically, the Company told investors that:

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental and medical products

industries is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by clinicians, technicians and patients. ***DENTSPLY believes that its principal strengths include its well-established brand names, its reputation for high quality and innovative products, its leadership in product development and manufacturing, its global sales force, the breadth of its product line and distribution network, its commitment to customer satisfaction and support of the Company's products by dental and medical professionals.***

156. The above statements in paragraphs 152 through 155 regarding the fourth quarter and full year results for fiscal year 2017 were false and misleading when made. The statements were false and misleading because they misrepresented the state of competition in the industry for Dentsply Sirona, misattributed the sources and causes of Dentsply Sirona's financial performance and failed to disclose the impact of the Distributors' anticompetitive scheme on the Company's revenues and margins.

157. Contrary to these statements, however, on May 6, 2018, Dentsply Sirona reported that organic revenue growth for the first quarter of 2018 was down 1.4%, driven largely by a 7.6% decline in the U.S. market. On a segment basis, consumables declined 1.3% year-over-year, while equipment declined 1.6% year-over-year. As a result, the Company announced that it was reducing its 2018 guidance by \$0.15 per share. On this news, Dentsply Sirona's stock price fell \$5.52, or 11%, from \$49.99 per share on May 4, 2018 to close at \$44.47 per share on May 8, 2018.

158. Nevertheless, the Company continued to conceal the true extent and impact of the anticompetitive scheme. For example, on the conference call with analysts and investors to address its first quarter financial results held on May 7, 2018, Dentsply Sirona reassured investors that the Company would continue to rely on Patterson and Schein and that these partners were still "delivering value and are essential to how we view our go-to-market strategy."

159. Further, on May 7, 2018, Dentsply Sirona filed its Form 10-Q for the quarter ended March 31, 2018, which was signed by Defendants Casey and Alexos. In the quarterly report, the Company reported its key metrics for the first quarter of 2018:

(\$ in thousands)	Three Months Ended March 31, 2018
Net Sales	\$ 956,100
Gross Profit	\$ 514,100
Net Income	\$ 81,100

160. In describing the sources and causes of its revenues and net income reported in the annual report, the Company stated that the “*primary drivers of internal growth include macroeconomic factors, global dental market growth, innovation and new product launches by the Company*, as well as continued investments in sales and marketing resources, including clinical education.”

161. The above statements in paragraphs 157 through 160 made by Defendants regarding the first quarter results for fiscal year 2018 were false and misleading when made. The statements were false and misleading because they misattributed the sources and causes of Dentsply Sirona’s financial performance and failed to disclose the impact of the Distributors’ anticompetitive scheme on the Company’s revenues and margins.

162. Last, on August 7, 2018, Dentsply Sirona announced another goodwill impairment charge of \$1.265 billion, largely in the technologies and equipment segment, and the introduction of a “restructuring program” to address diminished product demand and dwindling margins. Dentsply Sirona also cut full year earnings guidance by approximately 20% due to continued significant destocking of product by its partner dealers, representing the third cut to guidance in the span of one year. Analysts expressly tied these problems to “the increased competition and pricing pressure within its high-tech equipment categories … as the demand for its equipment

continues to struggle.” On this news, Dentsply Sirona shares declined \$9.03, or 18.6%, to close at \$39.41 on August 7, 2018, its lowest price in over five years.

163. All told, following disclosures of the fraud, Dentsply Sirona’s stock price declined by over 45% from its Class Period high.

XI. LOSS CAUSATION

164. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and omissions, including statements regarding the Acquisition, and engaged in a scheme to deceive the market. This artificially inflated the price of Dentsply Sirona common stock and operated as a fraud or deceit on the Class. Later, when Defendants’ prior misrepresentations and risks concealed by the fraudulent conduct alleged herein materialized and were disclosed to the market on August 9, 2017, October 2, 2017, May 6, 2018, and August 7, 2018, the price of Dentsply Sirona common stock fell precipitously. As a result of their acquisition of Dentsply Sirona common stock during the Class Period and as otherwise described herein, and Defendants’ material misstatements and omissions, Plaintiff and other members of the Class (defined below) suffered economic loss, *i.e.*, damages, under the federal securities laws.

XII. CLASS ACTION ALLEGATIONS

165. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of (i) all persons who purchased the common stock of Dentsply Sirona during the Class Period and were damaged thereby; (ii) all Dentsply Intl. shareholders who held shares as of the record date of December 2, 2015 and were entitled to vote with respect to the Acquisition at the January 11, 2016 special meeting of Dentsply Intl. shareholders and were damaged thereby; and (iii) all persons who purchased or otherwise acquired the common stock of Dentsply Intl. in exchange for their shares of common stock of Sirona in connection with the

Acquisition and were damaged thereby (the “Class”). Excluded from the Class are Defendants and their families, directors, and officers of Dentsply Sirona and their families and affiliates.

166. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of October 31, 2018, Dentsply Sirona had approximately 222 million shares of stock outstanding, owned by many thousands of investors.

167. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether Defendants violated the Securities Act and/or the Exchange Act;
- (b) Whether Defendants omitted and/or misrepresented material facts;
- (c) Whether Defendants’ statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) Whether Defendants knew or recklessly disregarded that their statements and/or omissions were false and misleading;
- (e) Whether the price of Dentsply Sirona common stock was artificially inflated;
- (f) Whether Defendants’ conduct caused the members of the Class to sustain damages; and
- (g) The extent of damage sustained by Class members and the appropriate measure of damages.

168. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

169. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

170. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

XIII. INAPPLICABILITY OF STATUTORY SAFE HARBOR

171. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements described in this complaint. Many of the specific statements described herein were not identified as "forward-looking" when made. To the extent that there were any forward-looking statements, there was no meaningful cautionary language identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements described herein, Defendants are liable for those false forward-looking statements because at the time each was made, the particular speaker knew that the particular forward-looking statement was false or misleading, and/or that the forward-looking statement was authorized and/or approved by an executive officer of Dentsply Sirona who knew that those statements were false or misleading when made.

XIV. PRESUMPTION OF RELIANCE

172. At all relevant times, the market for Dentsply Sirona's common stock was an efficient market for the following reasons, among others:

- (a) Dentsply Sirona stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, Dentsply Sirona filed periodic public reports with the SEC and the NASDAQ;
- (c) Dentsply Sirona regularly and publicly communicated with investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- (d) Dentsply Sirona was followed by several securities analysts employed by major brokerage firm(s) who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firm(s). Each of these reports was publicly available and entered the public marketplace.

173. As a result of the foregoing, the market for Dentsply Sirona securities promptly digested current information regarding Dentsply Sirona from all publicly available sources and reflected such information in the price of Dentsply Sirona stock. Under these circumstances, all purchasers of Dentsply Sirona common stock during the Class Period suffered similar injury through their purchase of Dentsply Sirona common stock at artificially inflated prices and the presumption of reliance applies.

174. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. U.S.*, 406 U.S. 128 (1972), because the Class' claims are grounded on Defendants' material omissions. Because this action involves Defendants' failure to disclose material adverse information regarding Dentsply Sirona's business

operations—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of Dentsply Sirona’s financial performance, as set forth above, that requirement is satisfied here.

XV. CAUSES OF ACTION

CLAIMS UNDER SECTION 10(b) OF THE EXCHANGE ACT AND SEC RULE 10b-5 PROMULGATED THEREUNDER

175. The claims set forth herein pursuant to Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and SEC Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, sound in fraud and are based on knowing or reckless misconduct by the Officer Defendants. These claims are independent of any other claims asserted herein and the allegations of fraud pertaining to the claims under Section 10(b) of the Exchange Act and SEC Rule 10b-5 do not apply in any way to the other claims for relief asserted herein.

COUNT I

For Violations of Section 10(b) of the Exchange Act and SEC Rule 10b-5 Promulgated Thereunder Against the Officer Defendants

176. Plaintiff repeats, incorporates, and realleges each and every allegation set forth above as if fully set forth herein.

177. During the Class Period, the Officer Defendants carried out a plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Dentsply Sirona common stock at artificially inflated prices.

178. The Officer Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Dentsply Sirona common stock in violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder.

179. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the Company's financial well-being, operations, and prospects.

180. During the Class Period, the Officer Defendants made the false statements specified above, which they knew or recklessly disregarded to be false or misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

181. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. The Officer Defendants engaged in this misconduct to conceal Dentsply Sirona's true condition from the investing public and to support the artificially inflated prices of the Company's common stock.

182. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Dentsply Sirona common stock. Plaintiff and the Class would not have purchased the Company's common stock at the prices they paid, or at

all, had they been aware that the market prices for Dentsply Sirona common stock had been artificially inflated by the Officer Defendants' fraudulent course of conduct.

183. As a direct and proximate result of the Officer Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases of the Company's common stock during the Class Period.

184. By virtue of the foregoing, the Officer Defendants violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder.

COUNT II

**For Violations of Section 20(a) of the Exchange Act Against the
Officer Defendants**

185. Plaintiff repeats, incorporates, and realleges each and every allegation set forth above as if fully set forth herein.

186. As alleged above, the Officer Defendants each violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder by their acts and omissions as alleged in this complaint.

187. The Officer Defendants acted as controlling persons of Dentsply Sirona within the meaning of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a). By virtue of their high-level positions, participation in and/or awareness of the Company's operations, direct involvement in the day-to-day operations of the Company, and/or intimate knowledge of the Company's actual performance, and their power to control public statements about Dentsply Sirona, the Officer Defendants had the power and ability to control the actions of Dentsply Sirona and its employees. By reason of such conduct, the Officer Defendants are liable pursuant to Section 20(a) of the Exchange Act.

**CLAIMS UNDER SECTION 14(a) OF THE EXCHANGE ACT AND SEC RULE 14a-9
PROMULGATED THEREUNDER**

188. The claims set forth herein pursuant to Section 14(a) of the Exchange Act, 15 U.S.C. § 78n(a), and SEC Rule 14a-9 promulgated thereunder, 17 C.F.R. § 240.14a-9, are not based on any allegations of knowing or reckless misconduct by any Defendant. These claims do not allege, and do not sound in, fraud, and Plaintiff specifically disclaims any reference to or reliance upon allegations of fraud in these non-fraud claims under Section 14(a) and SEC Rule 14a-9.

COUNT III

**For Violations of Section 14(a) of the Exchange Act and SEC Rule 14a-9 Promulgated
Thereunder Against Dentsply Sirona and the Officer Defendants (together, the “Proxy
Defendants”)**

189. Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder prohibits making material misstatements and omissions in soliciting any proxy. For the purposes of this Section 14(a) claim, Plaintiff does not allege that any Defendant acted with fraudulent intent, which is not an element of a claim under Section 14(a) of the Exchange Act. This Cause of Action is predicated upon the Proxy Defendants’ liability for making false and materially misleading statements in connection with soliciting shareholder approval of the Acquisition.

190. The misstatements and omissions set forth in paragraphs 96 through 103 above were material. The Proxy Defendants made or were responsible for making the misstatements and omissions. Through their negligence in issuing the Proxy containing material misstatements and omissions, the Proxy Defendants failed to disclose to Dentsply Intl. shareholders who held shares as of the record date of December 2, 2015 and were entitled to vote with respect to the Acquisition at the January 11, 2016 special meeting of Dentsply Intl. shareholders all material facts necessary for shareholders to cast a fully informed vote with respect to the Acquisition, as alleged above.

191. Plaintiff and other Shareholders have been injured by the material misstatements and omissions contained in the Proxy.

192. Plaintiff and other members of the Class are entitled to recover damages to compensate them for all damages resulting from the acts and omissions of the Proxy Defendants in violation of Section 14(a) of the Exchange Act.

193. Less than one year has elapsed from the time plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time this complaint was filed and less than three years have elapsed from Defendants' last culpable act or omission.

COUNT IV

For Violations of Section 20(a) of the Exchange Act Against the Officer Defendants

194. Plaintiff repeats, incorporates, and realleges each and every allegation set forth above as if fully set forth herein.

195. As alleged above, the Officer Defendants each violated Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder by their acts and omissions as alleged in this complaint.

196. The Officer Defendants acted as controlling persons of Dentsply Sirona within the meaning of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a). By virtue of their high-level positions, participation in and/or awareness of the Company's operations, direct involvement in the day-to-day operations of the Company, and/or intimate knowledge of the Company's actual performance, and their power to control public statements about Dentsply Sirona, the Officer Defendants had the power and ability to control the actions of Dentsply Sirona and its employees. By reason of such conduct, the Officer Defendants are liable pursuant to Section 20(a) of the Exchange Act.

CLAIMS UNDER SECTIONS 11, 12(a)(2), AND 15 OF THE SECURITIES ACT

197. The claims set forth herein pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act are brought on behalf of persons who purchased or otherwise acquired the common stock of Dentsply Sirona in exchange for their shares of the common stock of Sirona in connection with the Acquisition. The Securities Act claims are based solely on strict liability and negligence, and are not based on any knowing or reckless conduct by or on behalf of any defendant – *i.e.*, they do not allege, and do not sound in, fraud – and Plaintiff specifically disclaims any allegations of fraud, scienter or recklessness in these non-fraud claims.

COUNT V

For Violations of Section 11 of the Securities Act Against Dentsply Sirona, the Dentsply Director Defendants and the Officer Defendants

198. This Cause of Action is brought by Plaintiff pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of all persons who purchased or otherwise acquired the common stock of Dentsply Sirona in exchange for their shares of the common stock of Sirona pursuant to the Registration Statement.

199. Plaintiff repeats, incorporates, and realleges each and every allegation set forth above as if fully set forth herein only to the extent, however, that such allegations do not allege fraud, scienter or the intent of the Defendants to defraud Plaintiff or members of the Class. For the purposes of this Section 11 claim, Plaintiff does not allege that any Defendant acted with scienter or fraudulent intent, which are not elements of a claim under Section 11 of the Securities Act. This Cause of Action is predicated upon Defendants' liability for making false and materially misleading statements in the Registration Statement.

200. The Registration Statement was inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

201. Dentsply Intl. – Dentsply Sirona’s predecessor-in-interest – is the registrant for the shares issued and distributed to the Class members pursuant to the Acquisition. The defendants named in this Cause of Action were responsible for the contents and dissemination of the Registration Statement.

202. At a minimum, as the issuer of the shares, Dentsply Intl. (now Dentsply Sirona) is strictly liable to Plaintiff and the Class for the Registration Statement’s material misstatements and omissions.

203. None of the defendants named in this Cause of Action made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

204. By reason of the conduct alleged herein, each of these defendants violated, and/or controlled a person who violated, Section 11 of the Securities Act.

205. Plaintiff and the Class exchanged their shares of Sirona common stock for Dentsply Intl. common stock in connection with the Acquisition and pursuant to the Registration Statement.

206. Plaintiff and the Class have sustained damages. The value of Dentsply Intl. (now Dentsply Sirona) common stock has declined substantially after the Acquisition and subsequent to the issuance and dissemination of the materially misleading Registration Statement.

207. At the time of their acquisition of Dentsply Intl. common stock, Plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct

alleged.

208. Less than one year elapsed from the time that Plaintiff discovered, or reasonably could have discovered, the facts upon which this complaint is based to the time that Plaintiff filed this action. Less than three years has elapsed between the time that the securities upon which this count is brought were offered to the public and the time Plaintiff filed this action.

COUNT VI

For Violations of Section 12(a)(2) of the Securities Act Against Dentsply Sirona

209. This Cause of Action is brought pursuant to Section 12(a)(2) of the Securities Act, 15 U.S.C. § 77l(a)(2). By means of the defective Prospectus and as otherwise detailed herein, Dentsply Sirona promoted and sold, for the benefit of themselves and their associates, Dentsply Intl. common stock to Plaintiff and other members of the Class.

210. The Prospectus contained untrue statements of material fact and concealed and failed to disclose material facts, as detailed above. Dentsply Sirona owed Plaintiff and other members of the Class who purchased or otherwise acquired Dentsply Intl. common stock pursuant to the prospectus a duty to make a reasonable and diligent investigation of the statements contained in the prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. Dentsply Sirona, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the prospectus as set forth above. Plaintiff and the members of the Class did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions contained in the Prospectus at the time they purchased or otherwise acquired Dentsply Intl. common stock.

211. By reason of the conduct alleged herein, the Dentsply Sirona violated Section 12(a)(2) of the Securities Act. As a direct and proximate result of such violations, Plaintiff and the

other members of the Class who exchanged Sirona common stock for Dentsply Intl. common stock in the Acquisition pursuant to the Prospectus sustained substantial damages in connection therewith. Accordingly, Plaintiff and the other members of the Class who hold the common stock issued pursuant to the Prospectus have the right to rescind and recover the consideration paid for their shares, and hereby tender their shares to the defendants sued herein. Class members who have sold their Dentsply Intl. common stock seek damages to the extent permitted by law.

212. Less than one year elapsed from the time that Plaintiff discovered, or reasonably could have discovered, the facts upon which this complaint is based to the time that Plaintiff filed this action. Less than three years has elapsed between the time that the securities upon which this count is brought were purchased and/or exchanged by members of the Class and the time Plaintiff filed this action.

COUNT VII

For Violations of Section 15 of the Securities Act Against the Dentsply Director Defendants and the Officer Defendants

213. This Cause of Action is brought pursuant to Section 15 of the Securities Act, 15 U.S.C. § 77o, against Dentsply Director Defendants and the Officer Defendants. This Cause of Action does not allege, and does not intend to allege, fraud or fraudulent intent, which is not a required element of Section 15, and any implication of fraud or fraudulent intent is hereby expressly disclaimed.

214. The Dentsply Director Defendants and the Officer Defendants each were control persons of Dentsply Intl. by virtue of their positions as directors and/or senior executive officers of Dentsply Intl. at the time of the Acquisition. The Dentsply Director Defendants and the Officer Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major shareholders of Dentsply Intl.

215. By reason of the conduct alleged herein, these defendants violated Section 15 of the Securities Act and Plaintiff and the members of the Class have suffered harm as a result.

XVI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

- A. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- B. Awarding compensatory damages in favor of Plaintiff and other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees and expert fees; and
- D. Awarding such equitable/injunctive or other further relief as the Court may deem just and proper.

XVII. JURY DEMAND

Plaintiff demands a trial by jury.

DATED: December 19, 2018

**BERNSTEIN LITOWITZ BERGER
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/s/ Gerald H. Silk

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